



## Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

# THE ASSESSMENT OF PROPERTY FOR TAX- ATION.

LAWSON PURDY

---

## INTRODUCTION

The attempt to tax personal property in the same manner and at the same rate as real estate has failed everywhere. It should be abandoned. In most states all persons are required to list their own personal property. They do not do it and cannot be forced to do it. In some states the assessors guess at the amount and the persons assessed have an opportunity to demand a reduction of the assessment in accordance with their sworn statements. In neither case can the process be dignified with the name assessment. So long as the law remains, all that can be done is to enforce it honestly and endeavor, so far as possible, to prevent its use as a means of annoyance and oppression.

Real estate may be assessed with substantial fairness and uniformity. While the results depend in large measure upon the character and ability of the men who do the work, the law can promote the selection of fit men, can provide adequate supervision, and require methods which conduce to accuracy.

## ASSESSMENT LAW

The law should provide for an annual assessment. This is the law now in the State of New York and some other states. In some states the law provides for an assessment only once in four years, and, until a year ago, the law in Ohio provided for an assessment only

once in ten years. In a growing community, land increases so rapidly in value that when the assessment is not changed for several years, those whose property is stationary or declining in value pay vastly more than their share compared with those whose property has increased in value.

An annual assessment is necessary in order that the assessors may be employed continuously. No assessors can do satisfactory work until they have acquired experience. The law should provide, as in the City of New York, for the separate statement of the value of land. In the State of Massachusetts, the cities of New Jersey, the State of California, and various other states, the law requires the separate statement of the value of land, buildings, and total assessments. This is a good rule, but the better rule is like that of the City of New York, which requires two columns, instead of three. This saves clerical labor and tends to produce a better assessment by turning the attention to the fact that improvements are worth only the difference between the value of the land and the value of the property as a whole. If the assessor is directed by the law to value the building as a building, he may be tempted to regard the cost of construction in those cases in which the cost of construction bears no relation to the present worth of the building. The cost of construction is a good guide to the value of a new building suitable for the site on which it is erected, but an unimportant factor in the case of buildings which are no longer suited to the location.

In some cities, and in most rural towns, real estate assessment-rolls are still arranged alphabetically instead of geographically. In rural towns in the State of New York, the assessment of real estate of residents depends for its validity upon the correct designation of the own-

er. This system unnecessarily injects the personal element, occasionally invalidates the assessment, and worst of all renders a comparison of assessed values exceedingly difficult. When the assessment is a personal assessment against the owner by name, it is necessary to assess the property of non-residents on a separate roll. This frequently leads to such errors as to invalidate the assessment. The system has nothing to commend it.

The law should provide for proper maps and for the assessment of all real property by a system similar to that in the City of New York, and in some of the Western States. It is also in use throughout the Province of Quebec, Canada. In the City of New York this is called the "block system." It was first established to provide properly for the recording and indexing of instruments affecting land, by Chapter 166 of the Laws of 1890, and for the assessment of real estate by Chapter 542 of the Laws of 1892.

Briefly described, the block system of assessment in the City of New York is as follows: A map of the City was prepared under the direction of the commissioners of taxes and assessments, upon which was exhibited in sections and section numbers, and block and block numbers, the separate lots or parcels of land taxed within each of the city blocks. Each lot or parcel of land shown on the map is designated by a lot number. The lot numbers commence in each block with number 1 and continue numerically upwards for as many lots as are comprised within each block. The word "block" as used in this system designates a lot or parcel of land wholly embraced within continuous lines of streets or streets and water front, and may be more than a city square, but generally does not exceed 200,000 square feet in area. Blocks are numbered from number one consecutively upward. The

numbers never change and the boundaries never change. The city is further divided into sections the boundaries of which are unchanging, and which are numbered consecutively from one up; each section is about three or four square miles in area.

On the assessment-rolls the blocks appear consecutively and within each block the lots are placed in accordance with their location on the streets, commencing at one corner and proceeding continuously along each side of the squares which constitute the block. Any lot may be located rapidly and certainly, either on the assessment-roll or on the map. For the convenience of the assessors, the maps are bound in volumes of suitable size with a key map in the front; the scale of the key map being from 300 to 700 feet to the inch and the scale of the official map being 50 feet to the inch.

The block system has not yet been extended to cover the entire City of New York, but it is being extended as rapidly as the work can be done and the street system becomes sufficiently permanent to establish unchangeable block lines. In the territory not yet covered by the block system the maps are temporary and are called tentative maps. As these maps cover territory held in large parcels, much of it farm land, the scale somewhat varies, being from 80 to 200 feet to the inch. So far as practicable, however, the same system applies in the territory only tentatively mapped. Every lot is numbered, and its position is designated by a number on the map and by ward, plot, and map number. The length of all boundary lines is shown on the map in feet and inches, and on valuable lots of irregular shape the area is shown in square feet; on larger parcels the area is shown in lots or acres.

## ASSESSORS

Assessors should be employed continuously throughout the year and should therefore be assigned to a territory large enough to keep them busy. If so employed they could be paid adequate salaries. It is the ordinary rule in country towns that assessors, whether elected or appointed, are paid a small sum *per diem*. They work only a few days out of the year and accomplish the results that one would expect. It is probable that the best unit for assessment purposes is the county. This is the unit adopted in some Western States, but in the Northeastern States the town is practically always the unit. In many of the counties in the State of New York one-tenth as many assessors employed throughout the year could do the work better than the assessors who are now elected. In cities where the merit system of the Civil Service has been adopted, assessors should be selected after competitive examination, which should be designed with care to ascertain their fitness for the duties they are called upon to perform. When appointed in this manner they should be removed only for cause and after a hearing.

The assessors should be sufficient in number so that no one man should have more than about 10,000 parcels of real estate to assess. In a sparsely settled territory, where the parcels are large, and in congested centers, where the parcels are of irregular shape and values are high, the number should be less than 10,000, but need not ordinarily be less than 4000.

## ADMINISTRATION

The State Board of Tax Commissioners or a State Tax Commissioner should have the power to make rules for the guidance of local assessors, should be required

to inspect their work, and should be given power to enforce their directions even to the extent of requiring a reassessment of a whole assessment district or of part of an assessment district, whenever in their judgment such assessment may be necessary to secure equality within the district or equality between that district and others. A precedent for this power is contained in the Kansas law.

In some of the Eastern States it would require constitutional amendment to adopt such organization of assessors and supervisors as I have outlined. No constitutional change would be needed to provide larger powers of supervision in the State Board.

The work of assessors should be directed by persons who do not themselves make original assessments. Those who direct the work of assessment should be members of the board to review the work of the assessors, to hear complaints, and act upon them.

The fair assessment of real estate grows in importance with the growth of state and local expenditures. These expenditures have been increasing with tremendous rapidity during the last thirty years, and so far as we can see they are likely to continue to grow. Burdens which could be borne thirty years ago without much inconvenience, even when they were unevenly distributed, will become terribly oppressive as they grow heavier unless the distribution is equitable. The fair assessment of real estate is not a very difficult problem if the work is properly organized. It is impossible without proper organization.

Proper organization and efficient and intelligent supervision can produce excellent results. Good results will not be produced in any other way.

J. G. SCHURMAN: You have taken me wholly by surprise. I came to this session of the Economic Association to listen and learn, as I attended the session yesterday afternoon at the Chamber of Commerce for the same purpose. Years ago I was, as you have said in presenting me, a student of Stanley Jevons in economics, and I taught the subject for a short time, and have always been deeply interested in it. But I recognize my incompetency in this age of specialization to offer any suggestions of value in the field of economic science to the experts here assembled.

I trust, however, that I may be permitted to express the satisfaction and delight with which I have listened to Professor Seligman's address. It was a most instructive sketch by a master hand of modern tendencies in taxation.

I do not presume to criticize anything Professor Seligman has said. He has shown us that taxes on real estate supply the revenues for municipal government and administration, and that state and general revenues are derived from other sources. And he has expressed his deepening conviction that in determining the suitability and validity of a tax, efficiency in collection is almost as important if not as important as justice itself. As Hamlet said in one of his moods, "There is nothing either good or bad but thinking makes it so", and Professor Seligman suggests that in systems of taxation there is nothing good or bad provided only the taxes levied are effectively collected.

Now there is a broader point of view from which this whole subject may be considered, a point of view which takes account of the sentiments of the community, as well as of economic science. And the sentiments of the community on such questions cluster about the idea



of justice. Undoubtedly taxes on real estate in the city are easily collected; but if, as I suppose to be the case, the landlord shifts the taxes wholly or in part upon the tenant, then you must consider whether according to the sentiment of the community this is a just tax. We live in a time when there is a deep and widespread feeling that the accumulated wealth of the country is not bearing its fair share of taxation for the maintenance of government. One hears everywhere also complaints of the advance in the cost of living. And there are not wanting radicals with a revolutionary tendency who denounce our whole system of government as resting on favoritism to the wealthy and propertied classes. I submit that in any wise scheme of taxation you must take account of this sentiment. And I am a supporter of an income tax and a progressive inheritance tax, not only because they throw the burden of taxation on those who are able to bear it, but also because the masses of the people who have little of this world's goods recognize the justness of this arrangement.

Of course there is no great difficulty in collecting a progressive inheritance tax. I know there is greater difficulty in collecting an income tax. But I cannot on that account overlook the claim which the tax makes upon us in the name of justice. And I feel that, even if from the point of view of administration, Professor Seligman's contention that the collectibility of a tax is an important consideration, yet from the broader point of view of government justice is the first and supreme criterion. The organization which we call the State is, says Plato, justice writ large. In any event it cannot endure as a democracy unless it satisfy the popular idea and sentiment of justice and fair play.

JOHN MARTIN: It is important that economists shall reach an agreement as to the incidence of taxation in cities. In New York for some time a controversy has raged concerning an alleged extravagance in city expenditures. Whatever the merits of the case as to waste and inefficiency in city departments, it is essential that reformers who are on the boundary line between the general public and professional economists shall be certain as to who pay the increasing taxes which must be levied for the enlarging activities of cities. It is generally thought that at least that portion of the tax which falls on land values, 62.5 per cent in New York City, is paid by the landlords and cannot be shifted on to the rent-payers. Some doubt whether rents would be less in New York if all taxation ceased. As a matter of fact, taxes were lowered considerably in this city by Mayor Low because he was able to transfer to the tax fund a large accumulation of money from the water fund; but no decrease of rents followed. Since the panic rents have gone down just when loud complaint is made that taxes have rapidly gone up. If taxes really fall on tenants, then a sharp halt will be called to the expenditures for multiform social services. While if the landlord pays the taxes, as the speaker believes he does in a growing city where he is able anyway to exact enlarging rents, then, unless the proceeds are absolutely wasted or stolen, the faster taxes are increased the more social justice is done. If cities spend efficiently on parks, playgrounds, baths, schools, health, and the like, the more they spend the better for the tenants. Practically, the tax levy is a refund of part of the rent made compulsorily by the landlord for the benefit of the tenant; and since in New York the landlord is able, taxes or no taxes, to obtain rents which on the whole and in long periods,

on account of the rapid increase in population, continuously increase, it is but just to secure for the community part of this increase.

T. N. CARVER: With the general argument of Professor Seligman's paper I find myself in complete agreement. However, there are some points already emphasized which seem to me to need further discussion. First, let me say that some of the problems of taxation are primarily problems of value, and belong to the economic theorist whose specialty is value, rather than to the student of general public finance. For example, the whole question of the shifting of taxation is a question of valuation. How does the imposition of a tax affect the value of the thing taxed? Until that question is answered we have no light on the problem of shifting; and, when it is answered completely, we have a complete answer to that question. This in turn involves an analysis of the cost of production, of the elasticity of production, of the nature of the utility curve or the demand curve for the thing produced; and it is utterly futile to attempt to discuss the question of the shifting of taxes without such an analysis as this.

Again, the question of justice, in some of its phases at least, requires a thoroughgoing analysis of some of the problems in value and marginal utility. For example, Mill's position that equality of sacrifice means the minimum sacrifice is demonstrably wrong. Nor is the erroneousness removed by the doubtful expedient of affirming that Mill did not mean what he said, but something entirely different,—that is, by saying that Mill did not mean equality of sacrifice, but equality of marginal sacrifice, which he never showed any indication of understanding at all. As a matter of fact, equality of marginal sacri-

fice would involve the minimum of sacrifice on the whole.

Again the question of justice in taxation cannot be satisfactorily answered until we have a pretty thorough understanding of the effect of the tax on production, that is, until we know whether the tax will repress production or not.

But most important of all is the difficulty of understanding what is meant by justice in taxation. It is frequently discussed as though it were a matter of individual obligation. How much ought the individual, if he were to pursue an ideal of right conduct, to contribute to the funds of the public? This of course is not really the question, though no book on taxation has ever failed, nor does Professor Seligman's paper fail, to confuse the issue at this point. The question of justice in taxation is the question of what the state ought to do, not what the individual ought to do. We might grant that the individual ought to contribute in proportion to his capacity, or his ability, or on some other basis; but if we find that the attempt of the state to levy and collect a tax on that basis would result in the repression of industry or in enhancing the cost of living, whereas another tax on another basis would not result in the repression of industry nor in enhancing the cost of living, we should have to conclude that these considerations ought to modify the action of the state in this matter. In other words, the obligation of the state in the matter of taxation, which is merely another way of saying what justice requires in the matter of taxation, is to be determined only by the results.

Again, there seems to be a certain amount of impressionism in the general proposition that values are becoming social, and that social considerations must be taken into account in determining questions of justice in tax-

ation. Did any writer ever in the history of the world contend otherwise? It has always been understood that it takes a number of people to make up a market, and that economic value arises from a general process of evaluation by a considerable number of people. In other words, the emphasis upon the word social in the discussion of values and of taxation adds absolutely nothing to the knowledge of the subject, or to the clearness of the discussion.

JAMES L. COWLES: "Our present system of making railway rates", says the Hon. Charles A. Prouty of the Interstate Commerce Commission, "is taxation without representation in its most dangerous form."

This railway taxation of the American public now amounts to over two and one-half billions of dollars a year, to over one hundred and fifty dollars a year for the average American family, and in its determination the taxpayers have no share. These taxes, moreover, are always based on the principle of "what the subject will bear", and they invariably discriminate in favor of the big town and the man with the big purse as against the small town and the ordinary citizen.

The two cent a mile tax to which, even under the most favorable conditions, the workman on a short job is always subjected, is an income tax of twenty cents a day—10 per cent on a daily wages of \$2.00—even for a trip to and from his work and his home of but five miles. The railway tax on a trip of an hour's journey from his home would eat up half of his earnings. The common postage-stamp rate on carload freight over large areas of territory offers the big manufacturer and the big producer wider opportunities for the transaction of his business, but in local traffic freight and passenger rail-

way rates are almost always determined by distance, and with results almost as deadly to business as to labor. The growing differentiation of industry, requiring at least a continent for the purchase of supplies and the disposal of produce, as well as for the steady employment and the reasonable enjoyment of labor, makes the continuance of this system of transportation no longer endurable; and happily its remedy is at hand.

Railways are post roads and the post office is our mutual transportation company. Its only legal limitation is our will; its only physical limitation is the capacity of our public transportation machinery. We have but to extend the sphere of the post office over the general business of public transportation, to simplify postal classification, extend the postal weight limit and reduce postal rates, and the evils inherent in the present railway and express taxation of the public will disappear like the mist before the rising sun.

I suggest that the national government, acting under the Post Road Clause of the Constitution, shall take possession of our public transport system, and, guaranteeing to the holders of public transport securities a return on their investments equal to the average annual return of the past ten or fifteen years, shall provide for the support of the business by taxes determined by Congress on the postal principle.

Following the course adopted by Rowland Hill in the establishment of the Penny Letter Post of England in 1839, by making the very lowest existing rate for each class of service the uniform standard rate for all distances, the ordinary freight and passenger rates, under the proposed régime, will be about as follows:

RATES REGARDLESS OF DISTANCE.

FREIGHT.

Closed cars .....	5c per 100 lbs.
Open cars.....	Not over 50c per ton
All freight to be insured by the government up to its full value on reasonable terms.	

PASSENGERS.

Local trains.....	5c per trip
Express trains.....	25c per trip
Fast trains making very few stops.....	\$1.00 per trip

Similar but higher tolls for special services—refrigerator cars, parlor cars, etc.—will complete the system of station to station rates. (It is to be noted that in the year 1907 the average railway freight tax of the United States was less than 65 cents.) A small toll—hardly over 10 hundred pounds per haul—and the tax per passenger trip was less than 65 cents., A small toll—hardly over 10 cents, possibly as low as 5 cents per hundred pounds of freight or per passenger—to cover the cost of collection and delivery, will give us a door to door service at low uniform rates at once for freight and passengers, as well as for intelligence, throughout our continental area, by land and lake and sea and river.

The substitution of this simple cost-of-the-service system of transport taxes, determined by Congress, for the present complex, value-of-the-service transport taxes, determined by private corporations for their private profit, will go far toward the quick arrival of the longed for millenium. Under the new service, those engaged in its operation will be insured reasonable wages, reasonable hours of labor, and a reasonable pension when their life work is done, through their representatives in Congress.

A. C. PLEYDELL: I wish to take issue squarely with Professor Seligman in his attack on the theory of taxation in proportion to benefits received. I believe this is the just principle and that it can be made to work in practice. The larger part of local revenues in this country is derived from the real estate tax, and this tax is administered on the "benefit" theory. We do not inquire whether the owner of real estate is deriving an income from his land, whether it is only partly improved, or whether he is using it at all. It is assessed at what it would be worth if he did put it to use, and the tax is levied thereon; and this is justified in the public mind by the fact that the expenditures of public money benefit the land regardless of the use which the owner makes of it, his income, or his ability to pay. Our special assessments to pay for streets and sewers are a further extension of the same principle.

That the "benefits received" theory is sound is practically admitted by the advocates of the "ability to pay" theory, when they take the position that taxes should be laid upon privileges. I fail to see the force, in this connection, of the distinction which Professor Seligman has drawn between privileges and benefits. Benefits frequently may not be privileges, but certainly privileges must be benefits, to have any value for taxation.

Professor Seligman's statement that the poor man receives a far greater benefit from the government than the rich man, hardly needs an answer. The protection of property and person is more essential to the rich than to the poor. History shows that the general security which the rich enjoy from the maintenance of peace and order is far greater than they could purchase as individuals. The poor man walking along Broadway without a dollar in his pocket does not need the electric lights, but they are essential to the man with a well filled pocket book.



Nine-tenths of the business of our courts, probably, is over property disputes, and the people who have property are rich—by contrast at any rate. Illustrations could be multiplied.

I agree heartily with what Professor Seligman has said, as to economic theory being behind the march of practical events. Take the reports of investigating tax commissions for the last twenty years. You will find in them many quotations from economic writers, a good deal from the works of Professor Seligman himself, but these quotations all relate to the break-down of the discredited general property tax—they are arguments forty years old.

In recent discussions of the new questions of taxation and finance and administration, there is no trace of the influence of present economic theory or of the economists as a body. A number of professors of political economy are doing good service in the field of taxation—men like Professor Seligman, Professor Bullock, and Professor Mc Vey, who are working as administrators or counsellors. But their influence and work is as citizens, as individuals, and not as representing any accepted doctrines of the economists, except for the rejection of the theory of the general property tax.

The reasons for this are many. Possibly the chief cause is that the economists have abandoned their old doctrines and have lacked the courage to formulate new ones. We hear that it is necessary to have more data—always more data, when we have now much more data than we know what to do with.

If the economists are to regain their influence over public affairs, they must take courage; follow the examples of the old writers, like Adam Smith and John Stuart Mill. Go back to the old process of the deduc-

tionists. Formulate some principles, announce a hypothesis. Do not be afraid of making a mistake. Lay down rules to guide the next practical steps, and if when these are taken mistakes develop, rectify them; if new problems arise, meet them. Unless the economists strike out boldly and take the lead with some general principles that people can understand, they will be left hopelessly behind the procession of the practical changes in taxation that are coming.

MR. R. R. BOWKER: The economic theory which will be developed as the central and guiding principle underlying what, from the emphasis newly laid upon it, may be called the new taxation, will be the principle of social values arising from social coöperation. The land tax, the income tax, "death duties", corporation and franchise taxes,—commonly providing for a minimum exemption, differentiation of taxation, and progressive taxes—all involve a common principle or economic theory, that of taxing the surplus arising from social coöperation. The benefit, ability, and privilege theories of taxation, really converge and are reconciled. This larger theory of surplusage, will exempt land, labor, or business enterprises producing no surplus above the minimum, and will tax at progressively higher rates, the land, the brains, or privileged corporation, which by help of the social coöperation produces increasing surplus.

ROYAL MEEKER: I owe an apology to this assemblage for presuming to speak on the subject under discussion. I am moved to do so because of the note of discord which threatens to mar the harmony of our economic concert. As my name implies, I am a man of peace and consequently am pained by the manifestation of warlike

disagreement among members of this Association. If Professor Seligman will permit me, I shall put into practice some of the teaching which he gives his classes and attempt a reconciliation of the clashing views held by himself and Mr. Pleydell. Perhaps Professor Seligman is unaware that among his former students he was known as the great reconciler. We sometimes went so far as to confer upon him the title of the reconciler of the irreconcilable, the harmonizer of the inherently in-harmonious. In pointing out that there is really no difference between the ability theory and the benefit theory of taxation, I am merely following the precepts and the example of my much honored teacher. In practice these two theories work out to the same results. The ability to pay is identical with the benefit received and *vice versa*. These theories are only different aspects of the same thing; different ways of justifying the taking of private property for the use of the state. In practice both theories justify the state in doing anything it sees fit to do with the property of individual members of the state for the good of society. So when Mr. Pleydell says he disagrees squarely with Professor Seligman, he really expresses entire agreement with him.

And now laying aside my peaceful proclivities, temporarily, I wish to express my disagreement with Mr. Pleydell when he says that the theory of taxation has not kept pace with the practice. The leaders in the tax reform movement have been the economists, Professors Seligman, Adams, Bullock and many others. For every new practice in taxation there is a corresponding new theory which justifies and renders the new practice possible. In fact theory is necessarily in advance of practice in taxation. It takes some time to change the practice of the general property tax to conform with the

new theories of ability, benefit, or privilege. In this field of taxation theory precedes practice, and new practices are always the result of changes in theory.

BENJ. C. MARSH: The question of incidence in taxation and who pays taxes is exceedingly important from a practical as well as theoretical point of view.

In the last municipal campaign in New York it was constantly stated that high taxes make high rent. During the campaign I showed the Republican and Fusion candidate for mayor, Mr. Otto T. Bannard, an exhibit in which the conditions in the congested sections of the city were carefully portrayed, and called to his attention the fact that although \$800 is the minimum upon which a man can support a family with three children under working age in Manhattan, and in most of the Bronx and Brooklyn, tens of thousands of families are trying to live on \$600 a year, and suggested that every cent taken in taxes direct or indirect from families who are living or trying to exist on a deficit of \$200 to \$300 a year is robbery, and must ultimately be paid back to the families by public or private charity, if they are to maintain a reasonable standard of living and to be the most efficient producers and citizens. Mr. Bannard admitted this fact.

The economist may regard this proposition as unworthy of consideration, but anyone who realizes the desperate conditions in American cities today knows that there is no possibility of permanently improving conditions until we change their system of local taxation, and compel the enormous aggregations of wealth centered in these cities to pay their fair share of the value which the community has helped to create.

We cannot have a reasonable standard of living in

American cities until we adopt a system of taxation which will: (1) secure for the community part of the large increase in values of land earned by the community; (2) secure for the community part of the tremendous wealth gotten together largely through special privilege and unusual conditions.

This is not any plea for socialism, but merely a recognition of the justice of those systems of taxation which have worked out so successfully in other countries. The sooner we abandon our system of *laissez faire* and exercise a proper degree of control over aggregations of wealth, the sooner shall we be in a position to secure the fundamental conditions of justice to which we can lay no claim in American cities today.

K. K. KENNAN: I have been asked to say a word regarding the taxation problem in Wisconsin. We have been proceeding along practical rather than theoretical lines, and, though some of our so-called tax reforms are rather crude and still in the experimental stage, it cannot be denied that our system as a whole has been greatly improved in recent years.

I quite agree with the last speaker in his distrust of all purely theoretical solutions of the taxation problem. Indeed if we are to wait for a perfect taxing system worked out and presented to us by those who approach the subject from the purely theoretical side, I fear that we shall hardly live long enough to enjoy that particular millenium. The whole problem of taxation is of such a character that nothing more than an approximate solution is likely ever to be reached. Some very costly experiments will be tried before the soundness of certain theories can be vindicated.

An encouraging feature of the situation, however, is

the extent to which the public is becoming awakened to the need of a more enlightened system of taxation.

For many years I had quite exceptional opportunities for observing the practical workings of our tax laws and became much impressed by the need of better administrative methods. With a view to attaining some practical results in this direction, I presented to the legislature of 1889 a bill for a tax commission. This bill received very little attention, being smothered in committee as a piece of absurd freak legislation. At the next session of the legislature the measure was more favorably received and the number of those who favored it increased from year to year until in 1897 it was passed, although without any appropriation. However, the funds necessary to carry on the work of the commission were easily raised by public subscription, and the demand for our first report was so great that a second edition of 5000 copies was ordered by the legislature. Largely as a result of that report, a permanent tax commission was established, with much broader powers and more ample facilities than had ever been conferred on a similar body in this country. The members of the commission were men of ability appointed for terms of ten years, and no limitation was placed upon the amount which they might expend.

I cannot take time to enumerate the many notable results which have been achieved largely through the efforts of that commission, but will simply say that, in my judgment, Wisconsin has made more genuine progress in the direction of practical tax reform in the past few years than any of the other states.

At the present time the question of a state income tax is being much discussed. A bill for such a tax was introduced last year and a committee appointed to investigate the subject. This committee has held numerous public

sessions and the predominating public sentiment would seem to be in opposition to the bill. But legislatures are uncertain quantities and we may have added to our problems that of trying to administer successfully a law which has been practically a failure in some twenty other states.

In conclusion I trust I may be permitted to express my high appreciation of the many excellent papers and addresses to which we have listened. I feel that it has been a great privilege to participate in this very notable gathering, and I wish to express my thanks in particular to those officers of the Association who have labored so faithfully to make this meeting a success.

EDWARD W. BEMIS: We may learn some lessons from the example of Wisconsin. That state, through its Public Utilities Commission, having occasion recently to value the Milwaukee street railways for the purpose of rate making, and having also occasion through its taxation, decided to have both valuations made by the same experts, and at the same public hearing. Professor M. E. Cooley of the engineering department of the University of Michigan, appearing as expert for the Chicago and Cleveland street railway in recent valuations for the purpose of rate making and capitalization, recently testified in the Cleveland Street Railway case that this Wisconsin scheme had proved very "embarrassing."

Comparatively few would appreciate the extraordinary excellence of the system of assessing land values in Greater New York by the Board so ably presided over by Mr. Purdy. His methods are now being copied in Cleveland and in a large degree in many other cities of Ohio. Perhaps New York leads the world; she certainly leads America, in the excellence of her assessment of land values and improvements thereon.

ALLEN RIPLEY FOOTE: In Ohio we are now preparing to make a new assesment of real property. We have been appraising real estate for taxation once in ten years. The law was changed at the last session of the legislature, so that in the future we shall appraise it once in four years.

You can readily understand the difficulties of the problem we are about to undertake when you realize that we have no permanent boards of assessments, and the men who have been elected to perform this task, for the most part, have had no previous experience in such work.

In looking about for methods and assistance, we found that the system in the City of New York was one of the best in the United States. Mr. Lawson Purdy, the President of the New York Tax Department, has shown us every possible courtesy and given us valuable assistance. Mr. A. C. Pleydell came to the annual meeting of our State Board of Commerce and described the New York system. This aroused so much interest in the state that a short time ago the Auditor of State sent out a call for a conference meeting of all assessors, which he invited Mr. Pleydell and Mr. George J. Craigen, one of Mr. Purdy's deputies, to address. There is one assessor for each township, one for each village, and a board of five members for each city in the state, making a total of 2511. Fifteen hundred of these assessors attended the meeting which was held in Columbus two weeks ago. At this meeting Mr. Pleydell again explained the methods used in the field work of assessment in New York. The gathering was so large it was found advisable to hold two meetings in the evening in different places, instead of one large one. Mr. Craigen had an audience of nearly 500 city and village assessors, and over 800 township assessors attended the other meeting, where Mr. Pleydell was given the task of answering their questions.



You can understand the interest in these meetings when I tell you that when the hour of final adjournment arrived, although many of those in attendance expected to leave the city that night, an announcement was made that those who might care to remain until next morning could meet again for further information. At least 200 remained to attend the meeting the next morning, at which Mr. Pleydell and Mr. Craigen continued their explanations of the assessment methods in use in New York City. As a result of these meetings, and the general interest shown in the matter throughout the state, we expect to have the best assessment of real estate ever made in Ohio.

At these meetings, and since, the quest for information has been earnest, persistent and widespread. To satisfy this demand in the most practical and helpful manner, the Ohio State Board of Commerce has arranged with Mr. Pleydell, Mr. Craigen, and Mr. Purdy to compile a small handbook of tables and explanations, which it will publish for use of the Ohio assessors and will furnish to them without charge.